

1.0 Programs: Division of Information Technology Services**Summary**

The Division of Information Technology Services (ITS) within the Department of Administrative Services, is required to provide cost effective and reliable data processing and communication service to all agencies of state government as well as various local entities.

	FY 1999	FY 2000	Difference
Revenues	Estimated	Analyst	99Est/Analyst
Dedicated Credits	\$53,304,400	\$56,268,700	\$2,964,300
Transfers	859,800	391,600	(468,200)
Intergovernmental Revenue	1,098,000		(1,098,000)
Federal Funds		150,000	150,000
Total	\$55,262,200	\$56,810,300	\$1,548,100
Programs			
Administration	\$0	\$0	\$0
Network	10,167,700	10,690,900	523,200
Telephone	17,089,400	17,001,000	(88,400)
Computing	18,402,900	20,981,800	2,578,900
AGRC	1,797,500	1,266,100	(531,400)
Radio Shop	2,421,000	2,445,700	24,700
Support Services	5,383,700	4,378,100	(1,005,600)
New Technologies	-	46,700	46,700
Total	\$55,262,200	\$56,810,300	\$1,548,100
Expenditures			
Personal Services	\$13,615,100	\$14,198,300	\$583,200
In-State Travel	104,000	104,000	
Out-of-State Travel	150,000	175,000	25,000
Sub -Total Travel	254,000	279,000	25,000
Current Expense	23,506,900	24,593,100	1,086,200
Data Processing	8,368,000	8,552,700	184,700
DP Capital	9,654,100	6,769,000	(2,885,100)
Total	\$55,398,100	\$54,392,100	(\$1,006,000)
Net Operating Income	(\$135,900)	\$2,418,200	\$2,554,100
FTE Standard	237.0	237.0	0.0
FTE Building Block	0.0	0.0	0.0
Total FTE	237.0	237.0	0.0
Authorized Capital Outlay	\$8,541,300	\$6,164,000	(\$2,377,300)
Retained Earnings	\$7,100,362	\$9,548,862	\$2,448,500

ITS's data processing services include software licensing and development, computer time-sharing, wide area network connectivity, and consultation.. Its telecommunications services include negotiating the purchase, lease or rental of private or public telecommunications services, and operating the State's network of microwave sites. ITS has authority to establish rates and collect fees for these services.

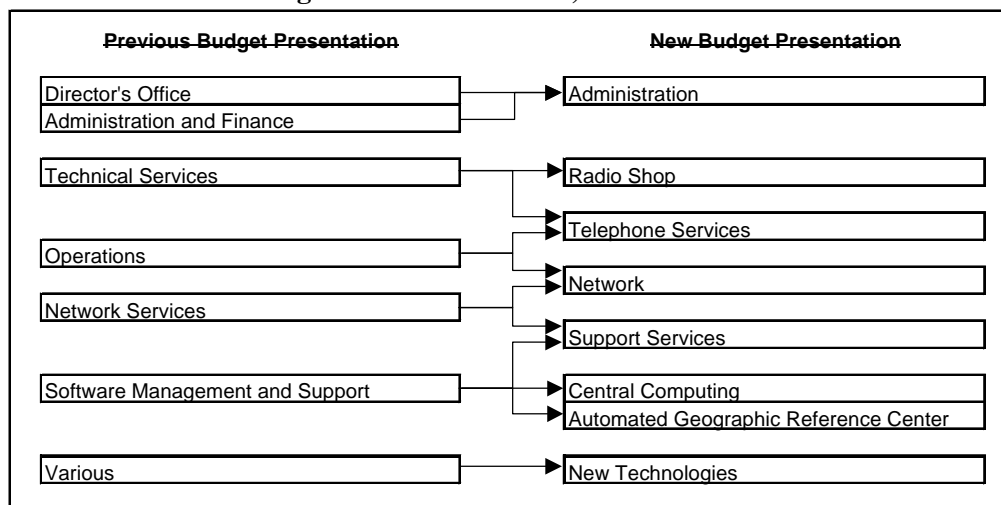
2.0 Budget Highlights

2.1 Organization more closely reflects functions

In previous years the Analyst has been concerned that ITS's program structure did not allow transparency into the viability of individual program activities. The Analyst contended that the previous structure did not accurately communicate costs and that it allowed for unwarranted cross subsidization.

For FY 2000, ITS has reorganized its budget account structure to more closely reflect categories of service. Detail on the functional break-out of the new budget accounts follows in section 3.0. The diagram below cross-walks from the previous account structure to the current.

ITS Budget Account Structure, FY 1999 to FY 2000



In addition to realigning its budget presentation, ITS has spread its overhead and administration costs among its operational entities to allow for a more accurate accounting of net operating income.

Cross Subsidy Revealed

The new budget presentation clearly demonstrates cross subsidization between the communications and data processing functions.

	FY 1998	FY 1999	FY 2000
Profit/(Loss)	Actual	Estimated	Analyst
Administration	\$0	\$0	\$0
Network	43,300	(172,700)	102,500
Telephone	(1,207,100)	(1,563,100)	(1,342,500)
Computing	5,568,500	2,102,600	3,819,300
AGRC	216,200	475,900	-
Radio Shop	(632,500)	(786,400)	(258,200)
Support Services	180,300	74,100	119,700
New Technologies	21,800	(266,300)	(22,600)
Total	\$4,190,500	(\$135,900)	\$2,418,200

The subsidization has existed for a number of years, with central computing activities,

like mainframe processing and storage, covering deficits in telephone and radio shop activities. The Network category almost breaks even over the three years shown. A seven dollar reduction in Wide Area Network access fees and a partially offsetting increase in the number of WAN devices is included in the FY 2000 Network figures. New Technologies can be expected to run a deficit given its research oriented nature.

The Analyst recommends that ITS reexamine its rates for Computing, Telephone, and Radio Shop activities in the coming year so that price signals will accurately communicate costs to end-users. ITS may wish to investigate privatization of certain functions in the telephone and radio shop categories.

Cellular Telephone Contracts

The Analyst is concerned that existing State cellular telephone contracts are too rigid to allow State agencies to take advantage of increasing competition, decreasing rates, and improving technology in mobile telephony. ITS is to be complimented on its efforts to decentralize existing contracts, allowing agencies to deal directly with AT&T Wireless and VoiceStream regarding billing. The Analyst encourages ITS to accelerate its efforts to sign additional state-wide contracts and offer increased flexibility and choice to state agencies, likely resulting in more cost effective service.

Capital Outlay Recommendation

The Analyst recommends the following Capital Outlay:

Software	\$485,000
Direct Access Storage Devices	1,452,200
File Server Upgrade Hardware/Software	219,000
PC/Workstation Hardware/Software	90,000
UNIX Hardware/Software	83,300
Mainframe Upgrade	450,000
Site Development	500,000
PBX/Key Systems	775,000
Voice Processing	285,000
Wide Area Network Expansion	1,000,000
Microwave & Other Telecommunications	720,000
Geographic Information Systems	<u>104,500</u>
Total	<u>\$6,164,000</u>

The tables that follow provide additional detail related to capital outlay and show revenue by major sources.

ITS Capital Outlay Detail				
SHORT	CATEGORY	PROJECT	PROJECT AMOUNT	CATEGORY SUBTOTAL
DASD	DASD	PSS/MF Performance & Tuning	32,800	
DASD	DASD	PSS/MF Storage Management	1,419,400	\$1,452,200
FS	FILE SERVER UPGRADE	LAN - Centralized LAN Administration	20,000	
FS	FILE SERVER UPGRADE	LAN - Microsoft NT Server	34,000	
FS	FILE SERVER UPGRADE	LAN - Novell Border Manager	90,000	
FS	FILE SERVER UPGRADE	LAN - Novell GroupWise	40,000	
FS	FILE SERVER UPGRADE	LAN - Novell NetWare 5.0 Upgrades	35,000	\$219,000
GIS	GIS	AGRC Data Integration	21,000	
GIS	GIS	AGRC GIS projects and applications	21,000	
GIS	GIS	AGRC Offered Training Classes	14,000	
GIS	GIS	AGRC SGID Administration	21,000	
GIS	GIS	AGRC SGID Framework data devel.	27,500	\$104,500
MAIN	MAINFRAME UPGRADE	Add environmental monitoring contacts	150,000	
MAIN	MAINFRAME UPGRADE	ESCON Hardware for CPU Upgrade	200,000	
MAIN	MAINFRAME UPGRADE	Purchase Change Audit software	100,000	\$450,000
MICRO	MICROWAVE	Microwave Improvements	520,000	
MICRO	MICROWAVE	Public Safety Console Upgrades	175,000	
MICRO	MICROWAVE	FCC RF Safety Requirement	25,000	\$720,000
SITE	MICROWAVE SITE	Microwave Site Improvements	500,000	\$500,000
PBX	PBX & KEY SYSTEMS	PBX and Key system upgrades	775,000	\$775,000
PC	PC/WORKSTATION	LAN - ITS Production Equipment	70,000	
PC	PC/WORKSTATION	LAN - Operation & Ongoing Support	20,000	\$90,000
SOFT	SOFTWARE	ITS Internet Initiative	45,000	
SOFT	SOFTWARE	ITS Internet Initiative	50,000	
SOFT	SOFTWARE	ITS Year 2000 - SMS	50,000	
SOFT	SOFTWARE	DBC/MF Support for Online Computing	250,000	
SOFT	SOFTWARE	SMS Mainframe Support For Security	40,000	
SOFT	SOFTWARE	SMS Mainframe Support For Systems	50,000	\$485,000
UNIX	UNIX	PSS/UX Platform(s) Management	83,300	\$83,300
VOICE	VOICE PROCESSING	Voice Processing Systems	285,000	\$285,000
WAN	WAN	ISDN - Primary Rate Service	185,000	
WAN	WAN	Fiber Access	305,000	
WAN	WAN	WAN Routing and Switching	510,000	\$1,000,000
			<u>\$6,164,000</u>	<u>\$6,164,000</u>

3.0 Programs: Information Technology

3.1 Programs: Administration

Recommendation

The Analyst recommends no revenues and twenty-nine FTEs for this program.

Statement of Revenues and Expenses				
	FY 1998 Actual	FY 1999 Estimated	FY 2000 Analyst	Difference 99Est/Analyst
Revenues				
Dedicated Credits			-	-
Transfers			-	-
Total	\$0	\$0	\$0	\$0
Expenditures				
Personal Services	\$1,684,800	\$1,522,000	\$1,530,100	\$8,100
In-State Travel	1,100	104,000	104,000	-
Out-of-State Travel	16,400	150,000	175,000	25,000
Sub -Total Travel	17,500	254,000	279,000	25,000
Current Expense	260,600	182,000	270,500	88,500
Data Processing	241,000	55,200	250,800	195,600
DP Capital	91,900	72,800	99,200	26,400
Pass-Through	(2,295,800)	(2,086,000)	(2,429,600)	(343,600)
Total	\$0	\$0	\$0	\$0
Net Operating Income	\$0	\$0	\$0	\$0
FTE Standard	29.0	29.0	29.0	0.0
FTE Building Block	0.0	0.0	0.0	0.0
Total FTE	29.0	29.0	29.0	0.0

Summary

The Administration account provides direction, prepares budgets, develops rates, tracks finances, manages billing systems and contracts, performs technical writing, and produces the State directory for ITS. It includes the following operating units:

- ▶ Director's Office
- ▶ Administration & Finance
- ▶ Accounting
- ▶ Budgets & Rates
- ▶ Internal Financial Systems
- ▶ Management Services
- ▶ Office Supplies & Miscellaneous

Beginning in FY 2000, the expenses associated with these activities will be spread proportionally over ITS' functional categories.

3.2 Programs: Network

Recommendation

The Analyst is recommending revenue of \$10,690,000 and 34 FTEs for this program.

Statement of Revenues and Expenses				
	FY 1998	FY 1999	FY 2000	Difference
Revenues	Actual	Estimated	Analyst	99Est/Analyst
Dedicated Credits	\$9,578,100	\$10,167,700	\$10,690,900	\$523,200
Transfers			-	-
Total	\$9,578,100	\$10,167,700	\$10,690,900	\$523,200
Expenditures				
Personal Services	\$2,822,900	\$2,506,000	\$2,515,400	\$9,400
In-State Travel	10,300		-	-
Out-of-State Travel	21,800		-	-
Sub -Total Travel	32,100	-	-	-
Current Expense	4,324,700	4,436,400	5,078,000	641,600
Data Processing	1,050,600	1,588,500	1,088,000	(500,500)
DP Capital	943,500	1,483,800	1,516,700	32,900
Pass-Through	361,000	325,700	390,300	64,600
Total	\$9,534,800	\$10,340,400	\$10,588,400	\$248,000
Net Operating Income	\$43,300	(\$172,700)	\$102,500	\$275,200
FTE Standard	34.0	34.0	34.0	0.0
FTE Building Block	0.0	0.0	0.0	0.0
Total FTE	34.0	34.0	34.0	0.0

Summary

This account includes wide area network design, installation, and maintenance; mainframe network support; local area network support; E-mail services; wiring design; drawings for systems, sites, and floor plans; PC hardware and software installations and support; and leasing of high-speed circuits and satellite links. It reflects the following activities:

- ▶ External LAN Support
- ▶ Wide Area Network
- ▶ Network Wire
- ▶ Network Microwave
- ▶ ISDN
- ▶ UNIX

3.3 Programs: Telephone

Recommendation

The Analyst is recommending revenues of \$17,001,000 and 38 FTEs for this program.

Statement of Revenues and Expenses				
	FY 1998	FY 1999	FY 2000	Difference
Revenues	Actual	Estimated	Analyst	99Est/Analyst
Dedicated Credits	\$19,689,900	\$17,074,400	\$16,986,000	(\$88,400)
Transfers		15,000	15,000	-
Total	\$19,689,900	\$17,089,400	\$17,001,000	(\$88,400)
Expenditures				
Personal Services	\$2,460,000	\$2,051,500	\$2,058,700	\$7,200
In-State Travel	11,400		-	-
Out-of-State Travel	18,300		-	-
Sub -Total Travel	29,700	-	-	-
Current Expense	14,507,000	12,769,200	13,046,900	277,700
Data Processing	461,100	650,700	474,600	(176,100)
DP Capital	2,592,200	2,417,000	1,953,800	(463,200)
Pass-Through	847,000	764,100	809,500	45,400
Total	\$20,897,000	\$18,652,500	\$18,343,500	(\$309,000)
Net Operating Income	(\$1,207,100)	(\$1,563,100)	(\$1,342,500)	\$220,600
FTE Standard	38.0	38.0	38.0	0.0
FTE Building Block	0.0	0.0	0.0	0.0
Total FTE	38.0	38.0	38.0	0.0

Summary

This program includes customer consulting for telephones, switches, and other voice services; telephone switch design and configuration; as well as analysis and planning for voice facilities. It reflects the following activities:

- ▶ Interactive Voice Response
- ▶ Cellular Hardware
- ▶ Cellular Usage
- ▶ Telephone Equipment
- ▶ Interstate Long Distance
- ▶ Intrastate Long Distance
- ▶ Voice/Data Circuits
- ▶ Pagers
- ▶ Wats
- ▶ Voice Mail
- ▶ Auto Attendant
- ▶ Call Management Systems
- ▶ 900 Service
- ▶ Universal Rate
- ▶ International Long Distance
- ▶ PCS

3.4 Programs: Computing

Recommendations

The Analyst is recommending revenues of \$20,981,8000 and 95 FTEs for this program.

Statement of Revenues and Expenses				
	FY 1998	FY 1999	FY 2000	Difference
Revenues	Actual	Estimated	Analyst	99Est/Analyst
Dedicated Credits	\$20,823,900	\$18,402,900	\$20,981,800	\$2,578,900
Transfers			-	-
Total	\$20,823,900	\$18,402,900	\$20,981,800	\$2,578,900
Expenditures				
Personal Services	\$4,900,500	\$5,354,500	\$5,904,800	\$550,300
In-State Travel	1,400		-	-
Out-of-State Travel	51,000		-	-
Sub -Total Travel	52,400	-	-	-
Current Expense	1,382,800	1,315,500	2,399,400	1,083,900
Data Processing	3,531,700	4,379,700	5,152,500	772,800
DP Capital	4,605,600	4,530,000	2,806,500	(1,723,500)
Pass-Through	782,400	720,600	899,300	178,700
Total	\$15,255,400	\$16,300,300	\$17,162,500	\$862,200
Net Operating Income	\$5,568,500	\$2,102,600	\$3,819,300	\$1,716,700
FTE Standard	95.0	95.0	95.0	0.0
FTE Building Block	0.0	0.0	0.0	0.0
Total FTE	95.0	95.0	95.0	0.0

Summary

The Computing account includes mainframe computing, disk storage, tape storage and vault services, microfiche services, customer consulting for special forms design, job scheduling, Capitol operators, customer service/help desk, ITS order desk, and statewide network monitoring. It reflects the following activities:

- ▶ Disk Storage
- ▶ Computing - Mainframe
- ▶ Microfiche
- ▶ Print Local
- ▶ Tape Storage
- ▶ COTS Consulting

3.5 Programs: Automated Geographic Reference Center

Recommendation

The Analyst is recommending revenues of \$1,266,100 and 7 FTEs for this program.

Statement of Revenues and Expenses				
	FY 1998	FY 1999	FY 2000	Difference
Revenues	Actual	Estimated	Analyst	99Est/Analyst
Dedicated Credits			\$739,500	\$739,500
Transfers	376,600	699,500	376,600	(322,900)
Intergovernmental Revenue	664,500	1,098,000	-	(1,098,000)
Federal Funds	207,100		150,000	150,000
Total	\$1,248,200	\$1,797,500	\$1,266,100	(\$531,400)
Expenditures				
Personal Services	\$579,000	\$416,600	\$418,100	\$1,500
In-State Travel	8,000		-	-
Out-of-State Travel	9,100		-	-
Sub -Total Travel	17,100	-	-	-
Current Expense	107,500	85,300	260,800	175,500
Data Processing	295,400	764,800	505,800	(259,000)
DP Capital	17,700	41,100	64,800	23,700
Capital Outlay			-	-
Pass-Through	15,300	13,800	16,600	2,800
Total	\$1,032,000	\$1,321,600	\$1,266,100	(\$55,500)
Net Operating Income	\$216,200	\$475,900	\$0	(\$475,900)
FTE Standard	7.0	7.0	7.0	0.0
FTE Building Block	0.0	0.0	0.0	0.0
Total FTE	7.0	7.0	7.0	0.0

Summary

The Automated Geographic Reference Center manages the State Geographic Information Database, acquires geographic data, provides Geographic Information System support to Federal, State, and local agencies, and offers training on GIS-related hardware and software. The following activities are included in this account:

- ▶ Framework Data Acquisition
- ▶ Sales & Services
- ▶ SGID & Coordination
- ▶ Thematic Data Acquisition
- ▶ Rural Governments

In the appropriated section of the Budget Analysis, the Analyst recommended no increased appropriations for AGRC, but encouraged AGRC to pursue further dedicated credits.

3.6 Programs: Radio Shop

Recommendation

The Analyst is recommending revenues of \$2,445,700 and 18 FTEs for this program.

Statement of Revenues and Expenses				
	FY 1998	FY 1999	FY 2000	Difference
Revenues	Actual	Estimated	Analyst	99Est/Analyst
Dedicated Credits	\$2,318,200	\$2,275,700	\$2,445,700	\$170,000
Transfers	145,300	145,300	-	(145,300)
Total	\$2,463,500	\$2,421,000	\$2,445,700	\$24,700
Expenditures				
Personal Services	\$1,031,000	\$962,400	\$965,700	\$3,300
In-State Travel	14,600		-	-
Out-of-State Travel	24,800		-	-
Sub -Total Travel	39,400	-	-	-
Current Expense	1,539,600	1,324,000	1,397,300	73,300
Data Processing	55,300	50,400	67,000	16,600
DP Capital	353,800	801,200	190,600	(610,600)
Pass-Through	76,900	69,400	83,300	13,900
Total	\$3,096,000	\$3,207,400	\$2,703,900	(\$503,500)
Net Operating Income	(\$632,500)	(\$786,400)	(\$258,200)	\$528,200
FTE Standard	18.0	18.0	18.0	0.0
FTE Building Block	0.0	0.0	0.0	0.0
Total FTE	18.0	18.0	18.0	0.0

Summary

This account includes maintenance of microwave and mobile radios; installation and maintenance of microwave towers, buildings, and power; support for Public Safety wireless communications and dispatch facilities; installation and support of radar guns, video cameras, sirens, and light bars. It reflects the following activities:

- ▶ Radio/Microwave Sites
- ▶ Microwave Maintenance
- ▶ Radio Maint, Parts, etc
- ▶ Radio Installs
- ▶ 800 MHz Radio
- ▶ State Repeater System
- ▶ Contracted Services
- ▶ Law Enforcement System
- ▶ Microwave Site Maintenance

3.7 Programs: Support Services

Recommendation

The Analyst is recommending revenues of \$4,378,100 and 16 FTEs for this program.

Statement of Revenues and Expenses				
	FY 1998	FY 1999	FY 2000	Difference
Revenues	Actual	Estimated	Analyst	99Est/Analyst
Dedicated Credits	\$4,145,900	\$5,383,700	\$4,378,100	(\$1,005,600)
Total	\$4,145,900	\$5,383,700	\$4,378,100	(\$1,005,600)
Expenditures				
Personal Services	\$689,800	\$797,000	\$799,800	\$2,800
In-State Travel	900	-	-	-
Out-of-State Travel	11,200	-	-	-
Sub -Total Travel	12,100	-	-	-
Current Expense	2,015,500	3,136,700	2,076,700	(1,060,000)
Data Processing	979,600	878,600	1,013,900	135,300
DP Capital	55,400	304,900	137,400	(167,500)
Pass-Through	213,200	192,400	230,600	38,200
Total	\$3,965,600	\$5,309,600	\$4,258,400	(\$1,051,200)
Net Operating Income	\$180,300	\$74,100	\$119,700	\$45,600
FTE Standard	16.0	16.0	16.0	0.0
FTE Building Block	0.0	0.0	0.0	0.0
Total FTE	16.0	16.0	16.0	0.0

Summary

Support Services includes equipment maintenance, the ITS training center, maintenance of master license agreements, support for the Ogden and Provo regional centers, and Y2K testing. It reflects the following activities:

- ▶ Equipment Maintenance
- ▶ Training
- ▶ Master License Agreement Licenses /Maintenance
- ▶ Ogden Regional Center Operations
- ▶ Provo Regional Center Operations
- ▶ Year 2000

3.8 Programs: New Technologies

Recommendation

The Analyst is recommending revenues of \$46,700 and 0 FTEs for this program.

Statement of Revenues and Expenses				
	FY 1998	FY 1999	FY 2000	Difference
Revenues	Actual	Estimated	Analyst	99Est/Analyst
Dedicated Credits	\$46,700		\$46,700	\$46,700
Total	\$46,700	\$0	\$46,700	\$46,700
Expenditures				
Personal Services	\$5,600	\$5,100	\$5,700	\$600
Out-of-State Travel	100		-	-
Sub -Total Travel	100	-	-	-
Current Expense	13,200	257,800	63,500	(194,300)
Data Processing	100	100	100	-
DP Capital	5,900	3,300	-	(3,300)
Total	\$24,900	\$266,300	\$69,300	(\$197,000)
Net Operating Income	\$21,800	(\$266,300)	(\$22,600)	\$243,700
FTE Standard	0.0	0.0	0.0	0.0
FTE Building Block	0.0	0.0	0.0	0.0
Total FTE	0.0	0.0	0.0	0.0

Summary

ITS's research and development account, New Technologies, tests cutting-edge applications before they are offered statewide. As technologies become available for statewide use, these activities will migrate into one of the above ITS functional areas. Currently, this account includes the following activity:

- ▶ Video Conferencing

4.0 Tables: Division of Information Technology Services

Revenues				
	FY 1998	FY 1999	FY 2000	Difference
	Actual	Estimated	Analyst	99Est/Analyst
Dedicated Credits	\$56,602,700	\$53,304,400	\$56,268,700	\$2,964,300
Transfers	521,900	859,800	391,600	(468,200)
Intergovernmental Revenue	664,500	1,098,000	-	(1,098,000)
Federal Funds	207,100	-	150,000	150,000
Total	\$57,996,200	\$55,262,200	\$56,810,300	\$1,548,100

Programs				
	FY 1998	FY 1999	FY 2000	Difference
	Actual	Estimated	Analyst	99Est/Analyst
Administration	-	-	-	-
Network	9,578,100	10,167,700	10,690,900	523,200
Telephone	19,689,900	17,089,400	17,001,000	(88,400)
Computing	20,823,900	18,402,900	20,981,800	2,578,900
AGRC	1,248,200	1,797,500	1,266,100	(531,400)
Radio Shop	2,463,500	2,421,000	2,445,700	24,700
Support Services	4,145,900	5,383,700	4,378,100	(1,005,600)
New Technologies	46,700	-	46,700	46,700
Total	\$57,996,200	\$55,262,200	\$56,810,300	\$1,548,100

Expenditures				
	FY 1998	FY 1999	FY 2000	Difference
	Actual	Estimated	Analyst	99Est/Analyst
Personal Services	\$14,173,600	\$13,615,100	\$14,198,300	\$583,200
In-State Travel	47,700	104,000	104,000	-
Out-of-State Travel	152,700	150,000	175,000	25,000
Sub -Total Travel	200,400	254,000	279,000	25,000
Current Expense	24,150,900	23,506,900	24,593,100	1,086,200
Data Processing	6,614,800	8,368,000	8,552,700	184,700
DP Capital	8,666,000	9,654,100	6,769,000	(2,885,100)
Total	\$53,805,700	\$55,398,100	\$54,392,100	(\$1,006,000)
Net Operating Income	\$4,190,500	(\$135,900)	\$2,418,200	\$2,554,100

FTE/Capital Outlay/Retained Earnings				
	FY 1998	FY 1999	FY 2000	Difference
	Actual	Estimated	Analyst	99Est/Analyst
FTE Standard	237.0	237.0	237.0	0.0
FTE Building Block	0.0	0.0	0.0	0.0
Total FTE	237.0	237.0	237.0	0.0
Authorized Capital Outlay	\$3,968,578	\$8,541,300	\$6,164,000	(\$2,377,300)
Retained Earnings	\$7,236,262	\$7,100,362	\$9,548,862	\$2,448,500